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NEWS RELEASE

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**PSC APPROVES LG&E/KU TRANSMISSION LINE
IN JEFFERSON, BULLITT, MEADE AND HARDIN COUNTIES**
Companies considered sufficient range of options, commission says

FRANKFORT, Ky. (May 26, 2006) – The Kentucky Public Service Commission (PSC) has approved a revised proposal by Louisville Gas & Electric Co. (LG&E) and Kentucky Utilities Co. (KU) to construct a 345-kilovolt electric transmission line in Jefferson, Bullitt, Meade and Hardin counties.

In an order issued today, the PSC said that the companies had conducted “a comprehensive survey of all potential routes” and that their preferred option would not result in “unnecessary or wasteful duplication of facilities.”

The route approved today extends 42 miles from LG&E’s Mill Creek Generating Station in southwest Jefferson County to KU’s Hardin County substation southwest of Elizabethtown. A little more than half the route uses or is parallel to existing rights of way.

It follows much the same path as a proposal rejected last year by the PSC, with a portion rerouted to avoid a wetland area.

In the earlier proceeding, the PSC ruled that LG&E and KU had established the need for the new line, but had not demonstrated that they had adequately considered reasonable alternatives, particularly those using existing utility corridors.

Testimony in support of the new application showed that LG&E and KU initially analyzed 1,203 potential routes for the line. By eliminating the most costly options, as well as those that were unacceptable to the Fort Knox Military Reservation, the number of potential routes was reduced to about 700.

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The number of routes was further reduced by rejecting those that would require relocating residences. LG&E and KU ultimately submitted two routes to the PSC. The PSC considered them together in a consolidated proceeding.

In addition to the route approved today, LG&E and KU submitted an alternative which called for 43.9 miles of line, with about two-thirds of the route over or next to existing rights of way. It was identical to the first route, except for about 10 miles of line leading into the Hardin County substation.

The PSC noted that, although the second route used about 10 percent more existing right-of-way than the preferred option, it also would cost about \$3.2 million more. LG&E's decision as to which route is preferable was reasonable, the PSC said.

The order and related documents are available on the PSC Web site: psc.ky.gov. The case numbers are 2005-00467 and 2005-00472.

The PSC is an agency within the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.

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